ORIGINAL.

P-13

LEGIS. FILE NO. 37 OF 1910-11.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

**PROCEEDINGS OF THE GENERAL AND REVENUE DEPARTMENTS.**

JUDICIAL AND LEGISLATIVE (LEGISLATION).

'A" Collection: Serial Nos. 1—2.

*A Regulation further to amend the Municipal Regulation,* 1906.

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1910-11.

GENERAL AND REVENUE SECRETARIAT.

(Legislation.)

NOTES.

FILE No. 37 of 1910-11.

*Subject.*

Addition of a section as Section 53A, to the Mysore Municipal Regulation empowering a Municipality to borrow money either from Government or from private persons.

Circulated to Councillors.

C. S. BALASUNDARAM IYER.
3-9-10.

Opinion recorded.

H. V. NANJUNDAYYA.

1. Is there no provision in the Municipal Regulation to enable Municipalities to borrow money? What is the authority and security on which Government can (as proposed) lend money to the Shimoga Municipality for improvement works (Drainage, Extensions and Water-Supply, etc).

T. ANANDA RAO.
9-3-09.

K. MYLAR RAO.
9-3-09.

*Submitted.*

2. Under Section 40, Municipal Regn. (1) every Municipal Council is competent to enter into and perform *all such contracts as they may consider necessary.*

3. As regards the conditions subject to which Government advance loans to Municipalities, attention is respectfully invited to para 8 of G. O. No. 4706-10—L. F. 43-98, dated the 4th June 1902, and G. O. No. 11541-50—L. F. 262-96, dated the 14th April 1899.

M. A. S.
9-3-09

4. In the old Municipal Regulation of 1871 as amended by Regulation VII of 1899, we had three distinct and separate provisions regarding (1) Contracts, (2) Loans and (3) Power of Government to execute certain works and recover the cost thereof from the Municipal Fund. *Section* 27 laid down that the President might enter into contracts for the execution of works directed or authorized by the Regulations or for any other things necessary for the purposes of the Regulations. *Section* 91 empowered the Municipal Council to borrow money by way of debenture on the security of the rates, taxes, etc. *Sections* 92 *and* 93 provided that Government might carry out certain works at their own expense and recover the cost and interest out of the Municipal Fund.

5. In the Municipal Regulation of 1906, Section 40 corresponds to Section 27 of the old Regulation and Section 176 to Sections 92 and 93. There is no provision therein corresponding to Section 91 of the old Regulations, and the question which naturally arises is why a similar provision is not made in the new Regulations. The printed notes and the correspondence with the Residency do not contain any explanation for the omission.

6. Under Section 40 of the new Regulations, a Municipal Council may enter into and perform all contracts which i considers necessary or expedient, to carry into effect the provisions and purposes of the Regulation. By a liberal interpretation of this section, it may be said to empower a Municipal Council to raise a loan which it may consider necessary for a purpose of the Regulation (*e.g.*, Water-Supply) as all loans are only a kind of contracts, *but such a construction would seem to be rather strained.* It cannot be said to have been the intention of the Legislature to remove all restrictions on the borrowing power of Municipal Councils and leave them unfettered to enter into obligations which might eventually prove inconvenient. Government have, no doubt, retained control over the budgets of Municipal Councils under Section 16 of the Regulation. I do not know however if this was considered a sufficient provision to prevent Municipal Councils from raising loans whenever Government thought it inexpedient that they should do so, and it was therefore deemed unnecessary to have an express provision regarding a Municipal Council's power to raise loans.

7. In Section 15 of the Regulation, which defines the general disqualifications for becoming a Municipal Councillor, it is stated that a person shall not be deemed to have incurred a disqualification by reason of holding a debenture or being otherwise interested in any loan raised by or on behalf of the Municipal Council. The reason for this provision is inexplicable if it be held that under the new Regulation, Municipal Councils have power to raise loans by way of debenture. The old Municipal Regulations applied on to the cities of Bangalore and Mysore and we know for a fact that the Municipal Councils of those two cities have not raised any loans under Section 91 thereof.

8. The Bombay District Municipalities Act on which our Regulation of 1906 is mostly based contains no provision similar to what is contained in Section 91 of the old Municipal Regulations. But in British India, there are two other separate and distinct enactments, "The Local Authorities' Loans Act of 1879" and "The Local Authorities' (emergency) Loans Act of 1897", which empower Municipal Councils and other corporate bodies to raise loans subject to certain restrictions, and it seems to have been therefore considered unnecessary to provide in the Municipal Regulation for empowering Municipal Councils to raise loans. (*Vide* Notes under Section 113, page 175. The Madras Municipal Manual.) In our Province, we have no Regulation similar to those Acts, and it seems to me that we should have introduced into our Regulation a provision similar to that contained in Section 91 of the old Municipal Regulations.

9. With reference to the improvement works of the Shimoga Municipality, Government can, under Section 176 of the new Regulation, construct the works and recover the cost thereof and also interest, from the Municipal Fund.

K. MYLAR RAO.
10-3-09.

10. This may be shown to the Financial Secretary who will probably have valuable remarks to make.

T. ANANDA RAO.
30-3-09

20. Forwarded to the Financial Secretary as directed by the First Councillor.

K. MYLAR RAO.
31-3-09

*Genl. Fi. No. 7808, dated 31st March.*

Submitted.

F. L.
1-4.

Please put up the Mysore District Board and Municipalities Act.

M. L.
5-4.

Submitted.

M. L.
22-5.

22. Financial Secretary.

M. N. KRISHNA RAO.
25-5-09.

23. I regret the delay in putting up a note, which was due to two reasons :—

First, the matter is not of any urgency at all and secondly I purposely kept these papers with me for some time to study the question.

24. Our Municipal Regulation seems to be defective in that it contains no provision even for the grant of loans from Government except when as pointed out in the above notes, Government under Section 176 *execute* certain works on behalf a Municipality. In this case the capital cost plus interest may be recovered, but nowhere is any express provision made for the grant of loans in cash to a Municipality by Government for any purpose or for recovering the same. Such loans have however been granted; but it is not clear how the funds thus obtained constitute Municipal Funds as defined in Sections 51 and 52. As the funds and properties of a Municipality are regulated by Statute it may seem necessary to provide for such cases expressly in the Regulation. Such a difficulty will not arise under the Bombay District Municipalities Act upon which our Regulation is based for loans. These are obtained by virtue of an Act (Local Authorities, Loans Act, etc.)

25. As regards the provision for enabling Municipalities to raise loans in the open market the proper safeguards, it seems doubtful, whether the power can be made use of at all in the near future. As has been pointed out in the Secretariat Notes, Section 91 of the old Regulation remained practically a dead letter till 1906 when the new Regulation came into force.

26. Municipalities in Mysore including the largest areas, *viz.*, Bangalore and Mysore, are of very slender resources subsidised by Government to a material extent and their income and expenditure annually are almost equal leaving little margin for undertaking any big works out of loan or other funds.

27. Whether a Municipality can raise a loan by way of debenture depends on the fact of such debentures being easily marketable. So far, there has been no public credit in Mysore leaving aside the two Mysore State Loans, and under existing conditions it does not seem likely that Municipalities can raise loans except perhaps with State guarantee. From the annual statement of loans for 1908-09, it will be seen that the amount of the loan has varied from 2,000 to 48,000 and it seems that Government have not felt much difficulty in financing Municipalities provided the need for the loan and the certainty of repayment within a given time were assured. Owing to the low finances of Municipalities, loans have in some cases been advanced without interest. But such a thing is not possible if they are to be raised in the open market. The rate of interest charged by Government is only 4 per cent, a rate at which debentures cannot perhaps be raised.

28. On the other hand it may be argued that the grant of a power to raise loans in the open market is desirable for the following reasons :—

(*i*) Even if the need for a loan and the certainty of repayment be assured there is the possibility of Government being unable to finance owing to the vast and pressing demands on its resources.

(*ii*) If loans are obtained from Government, the Municipalities will not generally realise the necessity of exercising strict economy and may as has happened in so many cases be constantly applying to Government to remit the loan. If the loan were obtained in the open market such a possibility does not present itself.

(*iii*) The enabling power may go a great way to establish the credit of a Municipality and the successful floatation of a loan and its redemption may greatly enhance the efficiency of its administration and its usefulness.

(*iv*) The grant of such a power will be a step in the direction of Local-Self Government policy and decentralisation of power.

(*v*) Lastly, there is no harm if such a power is granted with proper safeguards for no loan can be raised without reference to Government as the budget is under their control and they can see if the appropriation of loan funds is in order and if arrangements are made for the premature discharge of loans by means of Sinking Funds, etc.

Submitted to Comptroller.

B. SRINIVASA IYENGAR,
9-10-1909.

Please let me have a note on this case.

J. S. CHAKRAVARTI.
-6-09.

*Vide* note below.

B. SRINIVASA IYENGAR.
9-10-09.

29. The notes of Messrs. Mylar Rao and Srinivasa Iyengar give all necessary information on the subject.

30. In my opinion the Municipalities of Mysore may be empowered by law to raise loans in the market for undertaking necessary works and improvements with the sanction of Government. After the imposition of a maximum limit of individual accounts in the Government Savings Banks, there is perhaps some surplus money in the hands of the people which may be thus drawn by needy Municipalities to the advantage of both the debtor and the creditor. A private loan will certainly make the Municipal authorities feel greater responsibility; and the new financial situation will exert a valuable educative influence on the corporations in the direction of Local Self-Government. After empowering the Municipalities to raise private loans, Government may restrict its operation in the direction of helping Municipalities financially, to the sanction of suitable grants-in-aid only in deserving cases. The Municipalities will then realise their position clearly. If they can make out a good case for a grant in aid (*e.g.*, if a Municipality is made to maintain roads and public works on a scale not necessary in the interests of rate-payers) they should apply to Government. But if they require money for ordinary Municipal works and if they hope to be able to recover the interest on the money by way of enhanced revenue, they should try the market and an application to Government in such circumstances will not be ordinarily entertained.

J. S. CHAKRAVARTI.
-11-09.

31. Submitted. The Financial Secretary's note is attached to this.

K. MYLAR RAO.
10-11-09.

32. So far as the repayment of loans made by the State to a Municipal Council is concerned, I do not think it will be necessary for Government to ask for remedies beyond those contained in the existing Municipal Regulation. For one thing, there is the power conferred by Section 169 (*z*) to modify the Municipal budget by inserting therein (if need be) sufficient provision for the repayment of such a loan. And in an extreme case of default or perversity, it would be open to Government to resort to the powers of compulsion and supersession vested in them by Sections 178 and 179.

33. As regards the raising of loans in the open market, the time does not seem to have as yet arrived when it is safe is expedient, even if absolutely necessary, to permit our local bodies to do so. For some years to come, these bodies will no doubt look to the State for such loans as they may need, and there is nothing surprising in this considering the more intimate relation of dependence in which they stand towards the Government in Mysore as compared with that in British India. In these circumstances, it is a question whether the idea of supplementing the Municipal Regulation by the addition of provisions as to loans may not be deferred for the present.

K. S. CHANDRASEKHARA IYER.
22-11-09.

34. I agree with the Secretary, General and Revenue Departments. The time has not arrived for permitting our Municipal Councils to raise loans in the open market. In the first place such loans would require a Government guarantee for their floatation and even then it is doubtful whether the requisite funds will be forthcoming with the low interest of 4 per cent at which they will be offered to the public. The case of the Bangalore-Chikballapur Light Railway is in point. The necessary capital has still to be raised. The fact is that a great deal more than 4 per cent can be realized in Mysore in safe investments. Even our large Municipalities are unable to make both ends meet, the State having to make liberal subsidies for water-supply roads, etc.

35. The existing provision in the Mysore Municipal Regulation appears to be sufficient to ensure the repayment of loans made by Government to Municipality

K. P. PUTTANNA CHETTY.
27-11-09.

K. S. CHANDRASEKHARA IYER.
28-11-09.

33. Please circulate to Second Councillor also. When there is no provision in the Regulation to enable a Municipal Council to borrow money, may not the validity of a loan from Government be called in question?

T. ANANDA RAO.

2nd Councillor.

C. S. B.
13-12-09.

34. Let me see some books on Corporations (Public or Private) and *'ultra vires'* please.

H. V. NANJUNDAYYA.
15-1-10.

C. S. B.
K. MYLAR RAO.
17-1-10.

Submitted herewith.

T. K. S
20-1-10.

35. It is generally held that a Corporation can contract loans only if empowered to do so either by its Charter or by the Regulation by which it is constituted. Minor Municipalities like that of Shimoga were all constituted before the Regulation of 1906 under executive orders of Government; and if Government by a similar order granted a loan and directed that it should be recovered in a particular manner, the order was binding and would be carried out without any question of legality being raised.

36. The question is not so simple after the enactment of the General Municipal Regulation. Section 9 makes a Municipal Council a Body Corporate: Section 50 gives it power to hold lands and other property. Section 51 defines what the Municipal Fund is, but the proceeds of a loan are not mentioned therein. I do not think that borrowed money can fall under the description "Moneys accruing by transfers from the Government or private individuals or otherwise" in that section.

37. The power to borrow is thus not expressly given. It may be inferred also if such is a necessary implication, as it would be if any unqualified duty is cast on it which cannot be possibly carried out with the funds which it can command without recourse to borrowing. But Sections 54 etc., which lay down the duties of Muni ipalities qualify the obligation by limiting it to what is "reasonable" which would in ordina y course include the condition of being within the means at the disposal o. the Municipality concerned.

38. It is true that in British India, Act XI of 1879 contains an express prohibition that except as provided by that Act and the rules thereunder, no local authority shall for any purpose borrow money upon or otherwise charge its funds. Although we have no such express prohibition in Mysore, I think that the Municipalities constituted under the Regulation of 1906 should be held to have no power to borrow any money either from Government or private parties.

39. If Government advances money for such works as the drainage of Shimoga, I believe we follow the procedure prescribed in Section 176 and do not advance the money in cash. We shall then be quite within legal limits in enforcing payment as laid down in the said provision. But it may sometimes be necessary to advance money (in cash or otherwise) for temporary purposes (such as plague measures, etc.). I cannot agree with Mr. Chandrasekharaiyar's view that Government can for the purpose of levying a loan resort to indirect measures like those given by Sections 178 and 179 which are meant for different cases. It would hardly be consistent with the position and dignity of Gove nment to do so.

40. Within its means, however, the Municipality can hardly resist the demands of Government for repayment of loans made. The whole money of the Municipality is lodged in the Government Treasury and payments are arranged by transfer entries in the accounts.

41. There is hardly a likelihood of any of our Municipalities succeeding in raising loans in the open market without a Government guarantee. But as the Financial Secretary says, it would be a desirable thing to give this power, and I would add to give Government guarantee also when needed. Though for protecting the interests of Government there is no immediate necessity to amend the Municipal Regulation, I am inclined to think that it would be just as well to add a section dealing with the subject.

H. V. NANJUNDAYYA.
29-1-10

42. Please put up draft of amending Regulation as proposed in 2nd Councillor's Note and invite Government Advocate's opinion.

T. ANANDA RAO.

T. K. S.
3-2-10.

S. N.
4-2-10.

43. To be taken to the 2nd Councillor on Monday for instructions.

S. HIRIANNAIYA.

Branch III early.
C. S. B
4-2-10.

44. Please put up typed drafts on the basis of the Calcutta Municipal Act, 1899, as personally instructed to-day, taking one section regarding Sinking Funds from the Bombay Act

S. HIRIANNAIYA
21-3-10.

45. Draft submitted.
T. K. S.
28-3-10.
S. N.
28-3-10.

46. Type the draft and submit for being forwarded to the Government Advocate for opinion.

S. HIRIANNAIYA.
1-4-10.

Submitted.
S. N.
7-4-10.

47. Forwarded to the Government Advocate for favour of opinion on the draft.

S. HIRIANNAIYA.
8-4-10

T. K. S.
16-4-10.

*Legis. U. O.* 61, *dated* 13-4-10. *(with 4 books).*

48. Unless expressly authorised by the Regulation under which the Municipal Councils are constituted, they have no power to borrow. The amendment now proposed is therefore necessary. The bill drafted on the lines of the Calcutta Act meets, I think, the requirements of the case.

S. NARAYANA RAO.
13-4-1910.

49. Submitted for orders to the Secretary. (Please see Dewan's Order, dated 3rd February 1910.

S. HIRIANNAIYA.
19-4-10.

50. Second Councillor.

C. S. BALASUNDARAM IYER.
23-4-10

S. HIRIANNAIYA,
25-4-10.

51. It seems to me that we do not need such detailed provisions as are proposed in the draft to achieve our purpose. It is unlikely that any of our Municipalities will succeed in raising a loan in the market in the near future. As an alternative I would propose the enacting of one additional section as 53 A in our present Regulation, as I have drafted. This would leave it to Government to frame the required rules as conditions whenever such a transaction has to be authorised.

H. V. NANJUNDAYYA.
2-5-10.

Dewan.
14-5-10

C. S. BALASUNDARAM IYER.
5-5-10.

S. HIRIANNAIYA,
5-5-10.

52. Please circulate to First Councillor. 53A as proposed by 2nd Councillor may be approved.

T. ANANDA RAO,
31-8-10.

53. Circulate.

C. S. BALASUNDARAM IYER.
2-9-10.

S. HIRIANNAIYA.
2-9-10.

*No. 72—L. C., dated 2nd September* 1910, *Noted.*

Legislative Council to note and then to Council Section.

54. In the light of the discussions which are recorded in the foregoing pages, I think a general provision enabling a Municipality to borrow money is very much needed. As recommended by the Dewan the loans made by Government to Municipalities have to rest on a firm legal basis; I therefore agree to the proposed amendment by the addition of Section 53A to the Municipal Regulation.

K. P. PUTTANNA CHETTY.
9-9-10.

Dewan.

C. S. BALASUNDARAM IYER.
10-9-10.

S. HIRIANNAIYA.
10-9-10.

*Submitted to His Highness.*

55. These papers relate to the question whether Municipalities in Mysore are legally empowered to raise loans. and as to the authority and security on which Government advances loans to these bodies: The question has been fully discussed in the notes on the file, and the general position is explained in the Second Councillor's minute dated the 29th January 1910. The result of the discussion is that it is agreed on all hands that unless expressly authorised in that behalf by the Regulation under which Municipal Councils are constituted, these bodies have no power to borrow whether from the Government or in the open market, and that it is therefore necessary to insert an enabling provision in the Regulation of 1906.

(2) The draft of a new Section 53A prepared by the Second Councillor appears to be suitable and has been also agreed to by the First Councillor. If the proposal to amend the Municipal Regulation by inserting this new section is approved, action will be taken to place the draft Regulation before the Legislative Council after the necessary consultation with the Residency.

T. ANANDA RAO.
7-10-10.

*Record of Cases submitted for the Orders of His Highness the Maharaja.*

*Subject.*

Proposal to amend the Mysore Municipal Regulation so as to empower the Municipalities to borrow money.

*Order.*

56. Approved.

K. R. W.
17-10-10

Secretary.

T. ANANDA RAO.
22-10-10.

Branch III for further action.

C. S. BALASUNDARAM IYER,
25-10-10
K. R. S.
25-10-10.
H. M.
27-10-10

57. Put up draft to the Residency and with a Statement of Objects and Reasons.

S. HIRIANNAIYA.
27-10-10.

58. Drafts submitted for approval.

T. K. S.
8-11-10.
S. N.
8-11-10.

Let this come up after the Select Committee meetings fixed for next Sunday are over. Keep in "Suspense" till then.

S. HIRIANNAIYA.
24-11-10

Resubmitted.

22-12-10.

59. We have already got a Municipal Amendment Bill before the Council. This will have to be another Amendment Bill of the same Regulation. It appears to be the better course to proceed with this after the Bill now pending becomes law. This came too late to be incorporated in the last Bill—in fact after leave had been obtained for its introduction.

S. HIRIANNAIYA.
23-12-10.

Second Councillor and First Councillor.

60. What is the objection to writing to the Residency and getting the thing ready to go before the Council. It may be possible to tack this on if there is delay in passing the other measure.

H. V. NANJUNDAYYA.
23-12-10.

It is doubtful if this can be done under the rules; the new Bill will have to be read and discussed however.

C. S. BALASUNDARAM IYER.

Please put up clear drafts.

S. HIRIANNAIYA,
23-12-10.

Submitted with a clean copy of the Statement of Objects and Reasons. The others seem to be all right.

T. K. S.
29-12-10.
S. N.
31-12-10.

61. (1) As the Municipal Amendment Bill now before the Legislative Council has already been considered by a Select Committee, it may not be possible to tack this on to that Bill.

(2) The usual drafts of a letter to the Residency and of the Statement of Objects and Reasons are put up.

S. HIRIANNAIYA,
4-1-11.

Dewan.
5-1-11.

62. The draft letter to the Hon'ble the Resident has been issued from the Dewan's Office and placed on file and the papers are resubmitted.

C. E. R.
18-2-11.
B. V. L.
21-2-11.

Branch III.

C. S. B.
22-2-11.

S. HIRIANNAIYA.
22-2-11.

1. *D. O. No.* 1922, *dated* 16*th February* 1911, *to the Hon'ble Col. Hugh Daly, C. S. I., C. I. E., Resident in Mysore, Bangalore.*

Forwards a copy of the draft Municipal Regulation Amendment Bill to authorise the Municipalities to borrow and informs that the same will be placed before the Legislative Council in due course.

2. *D. O. No.* 1244, *dated* 25*th February* 1911, *from the First Assistant to the Hon'ble the Resident in Mysore, Bangalore.*

Informs that the Resident has no *prima facie* objection to the Bill being laid before the Legislative Council.

63. Submitted with the file. Perhaps the First Councillor will be in charge of the Bill. This will be noted for the Agenda of the next Council Meeting.

*Vide* Note below.

T. K. S.
28-2-11.
S. N.
28-2-11.

64. There will probably be some confusion in our putting this Bill before the Legislative Council before the other Amending Bill—which has just passed the Select Committee—is passed into law. Both Bills are for amending the Municipal Regulation.

65. If approved, this will be kept by till the other is promulgated as law. This cannot be tacked on to the other as it has passed the Select Committee and this has yet to be introduced.

S. HIRIANNAIYA.
3-2-11.

Second Councillor.

66. I do not see any reason for apprehending confusion. But place before First Councillor and Dewan.

H. V. NANJUNDAYYA.
3-3-11.

C. S. BALASUNDARAM IYER.
6-3-11.

S. HIRIANNAIYA.
6-3 11.

First Councillor and Dewan.
I shall take charge of the Bill.

K. P. PUTTANNA CHETTY.
9-3-11.

Go ahead—Secretary.

T. ANANDA RAO.
8-4-11.

C. S. BALASUNDARAM IYER.
10-4-11.

S. HIRIANNAIYA.
10-4-12.

68. For further action please see Legis. 42—11, Sections 1—5A.

A Regulation further to amend the Municipal Regulation, 1916.

FILE NO. 37 OF 1910-11.

*D. O. No.* 1922—*En.* 2, *dated* 16*th February* 1911, *to the Hon'ble the Resident in Mysore.*

I forward herewith a copy of a Bill further to amend the Mysore Municipal Regulation, 1906, so as to empower Municipal Councils to raise loans for the construction of works of a permanent nature, should such a course be considered necessary at any time, together with a Statement of Objects and Reasons. As will be seen thereform the Bill is short and an enabling one and I am to state that it is intended to place it before the Legislative Council in due course. **Serial No. 1**

T. ANANDA RAO.
16-2-11.

*A bill to further amend the Mysore Municipal Regulation,* 1906.

Whereas it is expedient to further amend the Mysore Municipal Regulation, VII of 1906, His Highness the Maharaja is pleased to enact as follows :—

Preamble.

In Section of a new Section after Section 53.

The following new section shall be inserted after Section 53, namely :—

" 53A. A Municipal Council may, in pursuance of a resolution passed at a special general meeting and with the previous sanction of Government and subject to such conditions as may be prescribed by Government as to security, the rate of interest and the repayment of principal and interest, borrow either from Government or from private persons, any sum of money required for constructing any work of a permanent nature which it is required or empowered to undertake the provisions of this Regulation.

A Municipal Council may, in pursuance of a resolution passed at a special general meeting, and with the previous sanction of Government, and subject to such conditions as may be prescribed by Government as to security, the rate of interest, and the repayment of principal and interest, borrow either from Government or from private persons, any sum of money required for constructing any work of a permanent nature which it is required or empowered to undertake under the provisions of this Regulation.

H. V. NANJUNDAYYA,
2-5-10.

*Statement of Objects and Reasons.*

The old Municipal Regulations of 1871 as applied to the cities of Bangalore and Mysore contained a provision, Section 491, enabling Municipalities to raise loans for works of a permanent nature either from Government or in the open market. But this provision was omitted from the Minicipal Regulation, VII of 1906, now in force which is based on the Bombay District Municipalities Act. The defect has been supplied in Bombay by the enactment of the Local Authorities Loans Acts of 1879 and 1897. As there are no corresponding Regulations enacted for this State, the Municipal Councils will be unable to raise a loan when occasion may arise. It has therefore been considered desirable to amend the existing Municipal Regulations in terms of Clause 1 of Section 91 of the old Municipal Regulations with suitable modifications. A new section as Section 53A is accordingly proposed to be inserted.

S. HIRIANNAIYA.

*D. O. No.* 1244, *dated* 25*th February* 1911, *from the First Assistant to the Hon'ble the Resident in Mysore, to T. Ananda Rao, Esq., C. I. E., Dewan of Mysore.*

I am desired to acknowledge the receipt of your D. O. Letter No. 1922, dated the 16th February 1911, forwarding a copy of a Bill **Serial No. 2.**